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April 18, 2003

Marlene H. Donch
Office of the Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

RECEIVED

APR 18 2003

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: Federal-State Joint Board on Universal Service, CC Docket 96 45; and CC Dockets 98-171, 90-571, 92-237, 99-200, 95-116, 98-170

Dear Ms. Dortch:

The League of United Latin American Citizens (LULAC) appreciates this opportunity to provide additional comments in the aforementioned proceedings. In particular, we would like to reemphasize our view that adoption of a connection based proposal will have negative consequences for Hispanic consumers who are low volume long distance customers and those that utilize pre-paid wireless services. We believe that a radical shift in the universal service contribution methodology from one based on interstate revenues to one based on connections or telephone numbers is not only ill-conceived, it is unwarranted.

The assertion that interstate revenues are on decline does not entirely ring true when one considers that interstate communication is simply shifting from wireline to wireless, instant messaging, e-mail and voice-over Internet. Indeed, even the FCC acknowledged this shift in the December 13, 2002 Interim Rule when they lifted the wireless safe harbor from 15 percent to 28.5 percent. LULAC supports this revenue-based refinement and looks forward to assessing the outcome of this change on universal service contributions when data becomes available. We encourage the FCC to continue along this path and to explore other refinements to the current methodology.

As we mentioned in our earlier filing, LULAC takes a special interest in this proceeding because we want to ensure all Hispanic Americans have access to affordable wireless telephone service. While, almost half of U.S. Hispanics, or approximately 16 million Latinos, have mobile phones, according to Cheskin Research; we also know that there is a unique population of the Hispanic market that

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relies on pre-paid wireless service as their *only* wireless option. These types of individuals include:

- young people who cannot meet credit or security deposit requirements;
- migrant and seasonal workers without a permanent address or other institutional prerequisites;
- people who are unwilling to enter into a long-term contractual commitment;
- senior citizens or public assistance recipients who are on a fixed incomes;
- individuals who want to control their telephone costs; and
- women and others who use them primarily for emergency or security purposes.

Since this population tends to be low-volume, low cost customers, they often are overlooked by wireless carriers who prefer high volume, high cost customers. Yet, we understand, there are nearly 10 million pre-paid wireless customers nationwide that are being served by companies such as TracFone and Venzon Wireless thereby documenting the critical role pre-paid service plays in meeting the needs of consumers. LULAC urges the FCC to pay particular attention to how the connection-based proposals will adversely affect pre-paid telephone providers who serve this unique audience. The goal of universal service must include fostering a marketplace that encourages providers to serve all customers; and the FCC must prevent obstacles from being erected. In addition, changes to the universal service funding mechanism must not impose a regressive charge for universal service on low-volume customers such as those mentioned above.

LULAC notes that a number of other public interest groups that represent large constituencies of low-income consumers, such as the Community Action Partnership, Rainbow-PUSH and the NAACP, share our concern about negative consequences of abandoning the revenue-based methodology. We also note industry groups, including mobile wireless carriers, small local exchange carriers, and state public utility commissions find fault with the various connection-based proposals on different grounds. Consequently, we urge the FCC to conclude that retention of the revenue based system, with the interim changes of December 13, 2002, is the correct path to follow.

Thank you taking our views into consideration and please do not hesitate to call upon us if we can be of further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Hector M. Flores". The signature is fluid and cursive, with the first name "Hector" being more prominent.

Hector M. Flores,
LULAC National President